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DEPARTMENT OF STATE

AIRGRAM

(Departmental and Foreign Service)

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TO : Secretary of State

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State Department review completed

ANALYSIS & DISTRIBUTION  
BRANCH

FROM : Amembassy TOKYO

DATE: April 30, 1962

SUBJECT : CODEL Cotter and Staff Investigate P. L. 480 Program in Japan

REF : Dept. Cir. 1343, Feb. 1, 1962 and 1363, Feb. 5, 1962

On March 28, 1962, Mr. Paul J. Cotter, professional staff member of the Senate Appropriations Committee, and his staff consisting of Miss Mary Louise Vaughan, Committee Secretary, Robert L. Shortley, Agency for International Development, Washington, and Sebastino Castro, from the General Accounting Office in Frankfurt, arrived in Tokyo, Japan. The primary purpose of their visit was to investigate the P. L. 480 program in Japan.

They received briefings from the Economic and Political Sections of the Embassy, and MAAG Japan. Meetings were arranged with USIS, the Agricultural Attache and the Financial Attache. The Financial Attache, the Embassy United States Disbursing Officer, and the USAID/Japan assisted in furnishing the statistical and fiscal data the group requested.

As advised by Circular 1343, dated February 1, 1962, their particular interest was in determining the effectiveness of the program, the amount of support from USIS, and various fiscal data. Mr. Cotter pointed out that the P. L. 480 program in Japan is unique in that the sales are complete and the Government of Japan has been repaying in dollars the loans which it received from its "share" of the proceeds.

Mr. Cotter made particular mention of the fact that repayments were being made by GOJ to the ExIM Bank in Washington instead of to the Disbursing Officer in Tokyo. It was pointed out to him that this repayment procedure is in accordance with the Loan Agreements. He also called attention to the fact that no interest was paid on the residual balances of the funds for United States use kept on deposit in the Bank of Japan. It was pointed out to Mr. Cotter that as a matter of policy, the Bank of Japan does not pay interest on any funds kept on deposit with it.

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As far as can be determined, the group obtained the information it desired and seemed to be satisfied with what it found. Mr. Cotter did indicate, however, that he intended to inquire further in Washington into U. S. Government plans for using unexpended funds remaining on deposit at the Bank of Japan. (Note: The P. L. 480 program in Japan was previously audited by AID auditors, who found it satisfactory.)

The group departed Tokyo for Korea on April 2 - returning to Tokyo on April 4 and then departing for Honolulu on April 5.

REISCHAUER

D.